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DEPT FOR WHA/CCA, WHA/EPSC AND WHA/BSC

E.O. 12958: DECL: 05/01/2016

TAGS: [ETTC](#) [PREL](#) [ECON](#) [ETRD](#) [BR](#) [CU](#)

SUBJECT: BRAZIL - SUSPENSION OF TITLE III OF THE LIBERTAD ACT

REF: A) SECSTATE 57782

B) 05 BRASILIA 3130

C) BRASILIA 786

Classified by Charge d'Affaires Phillip T. Chicola, Reasons 1.4
(b) and (d)

11. (C) Brazil has a close relationship with Cuba and the GoB does not publicly criticize the Castro regime's human rights policies. President Lula implied criticism of the state of democracy in Cuba during an April 2005 interview in which he told the press that "Brazil can help build a democratic process in Cuba" and that "we have much to do for democracy in Cuba." Neither Lula nor other senior figures in the GoB, however, have repeated such criticisms during the last six months. The Lula Administration argues that engagement, rather than isolation, is more likely to change Cuba's behavior; it further states it has been critical of the Castro regime's actions behind the scenes. The GoB, however, has a general aversion to meddling in the internal affairs of other countries and routinely opposes "single country" resolutions at the United Nations, including those aimed at Cuba. Brazilian media and NGOs are much less hesitant to criticize the Castro regime pointedly and some have taken the Lula administration to task for its close relationship with Cuba.

12. (C) In 2005 Brazilian media published allegations that Lula's Workers' Party (PT), some key members of which sought refuge in Cuba from persecution during Brazil's military dictatorship, allegedly received from the Cuban government a campaign contribution during the 2002 presidential elections. The Cuban cash contribution was variously reported to have ranged from US\$1.4 to US\$3 million, depending on the source. At that time the media interviewed several self-described witnesses to parts of the transaction, but although the case has received occasional media mention since then, no evidence substantiating the claims emerged during the last six months.

13. (SBU) We know of no high level GoB diplomatic visits to Cuba during the last six months. Cuban Vice Minister for Higher Education Eduardo Cruz Gonzales reportedly visited Brasilia on April 28 and met with the Brazilian education minister. Cruz's visit reportedly included promotion of a scientific exchange program with Brazilian academic institutions.

14. (SBU) On the trade front, Brazil supports a trade agreement between Cuba and the Mercosul customs union, of which Brazil is the largest member. The GoB does not expect Cuba to become a full member of Mercosul. According to Foreign Ministry contacts, the conclusion of the Cuba agreement is a priority for 2006. Work to consolidate existing trade agreements between Cuba and the individual Mercosul members is already complete, paving the way for discussions on how to expand them into a full-fledged, goods-only, free-trade agreement with the bloc.

¶5. (SBU) Bilateral Brazilian trade with Cuba grew to US\$ 284 million in 2005, up from US\$177.2 million in 2004. Brazilian 2005 exports of US\$245.5 million to Cuba were led by exports of auto parts, soybean oil, soybeans, chicken parts, powdered milk, ethyl alcohol and coffee. 2005 imports from Cuba of US\$38.9 million were dominated by nickel, medical products, Portland cement, aluminum scrap for recycling, insecticides, cigars and vaccines. Brazil's National Development Bank (BNDES) provides trade finance lines to Brazilian companies, including those trading with Cuba. Over the period 2001-2003, the most recent data available, BNDES provided US\$52.3 million in export credits to finance the export of automobiles and buses to Cuba. Local accounts suggest that potential BNDES export credits for Cuba are under-utilized.

¶6. (SBU) Post is unaware of significant new Brazilian investments in Cuba over the last six months. The most recent data Central Bank data available, for 2004, shows that Brazilian companies held investments valued at US\$19 million in Cuba.

CHICOLA